TEXAS DEPARTMENT OF INSURANCE
Division of Workers' Compensation - Medical Fee Dispute Resolution (MS-48)
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MEDICAL FEE DISPUTE RESOLUTION FINDINGS AND DECISION

GENERAL INFORMATION

Requestor Name
Texas Health of Allen

Respondent Name
American Zurich Insurance Co

MFDR Tracking Number
M4-17-0474-01

Carrier's Austin Representative
Box Number 19

MFDR Date Received
October 21, 2016

REQUESTOR'S POSITION SUMMARY

Requestor's Position Summary: "We have found in this audit they have not paid what we determine is the correct allowable per the new fee schedule that took effect in March of 2008 for this outpatient surgery."

Amount in Dispute: $4,036.30

RESPONDENT'S POSITION SUMMARY

Respondent's Position Summary: "Subject to further review, the carrier asserts that it has paid according to applicable fee guidelines and challenges whether the disputed charges are consistent with applicable fee guidelines."

Response Submitted by: Flahive, Ogden & Latson

SUMMARY OF FINDINGS

Dates of Service	Disputed Services	Amount In Dispute	Amount Due
November 24, 2015	Outpatient Hospital Services	$4,036.30	$0.00

FINDINGS AND DECISION

This medical fee dispute is decided pursuant to Texas Labor Code §413.031 and applicable rules of the Texas Department of Insurance, Division of Workers' Compensation.

Background

1. 28 Texas Administrative Code §133.307 sets out the procedures for resolving medical fee disputes.
2. 28 Texas Administrative Code §134.403 sets out the reimbursement guidelines for services provided in

outpatient hospital services.

3. The insurance carrier reduced payment for the disputed services with the following claim adjustment codes:
   - 236 – This procedure or procedure/modifier combination is not compatible with another procedure or procedure/modifier combination provided on the same day according to the NCCI or workers compensation state regulations/fee schedule requirements
   - 59 – Process based on multiple or concurrent procedure rules
   - P12 – Workers' compensation jurisdictional fee schedule adjustment
   - W3 – In accordance with TD-DWC rule 134.804, this bill has been identified as a request for reconsideration or appeal.
   - No allowance change

The services in dispute are for outpatient hospital services and are therefore subject to the requirements of 28 Texas Administrative Code 134.403 (d) which states in pertinent part, "For coding, billing, reporting, and reimbursement of health care covered in this section, Texas workers' compensation system participants shall apply Medicare payment policies in effect on the date a service is provided..." The applicable Medicare payment policy may be found at www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS.

In order to calculate the correct Division fee guideline, stakeholders should be familiar with the main components in the calculation of the Medicare payment for OPPS services, which are:

1. **How Payment Rates Are Set**, found at www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/HospitalOutpaysysfctsht.pdf,

   To account for geographic differences in input prices, the labor portion of the national unadjusted payment rate (60 percent) is further adjusted by the hospital wage index for the area where payment is being made. The remaining 40 percent is not adjusted.
2. **Payment status indicator** - The status indicator identifies whether the service described by the HCPCS code is paid under the OPPS and if so, whether payment is made separately or packaged. The status indicator may also provide additional information about how the code is paid under the OPPS or under another payment system or fee schedule. The relevant status indicator may be found at the following: www.cms.gov, Hospital Outpatient Prospective Payment – Final Rule, OPPS Addenda, Addendum D1.
3. **APC payment groups** - Each HCPCS code for which separate payment is made under the OPPS is assigned to an ambulatory payment classification (APC) group. The payment rate and coinsurance amount calculated for an APC apply to all of the services assigned to the APC. A hospital may receive a number of APC payments for the services furnished to a patient on a single day; however, multiple surgical procedures furnished on the same day are subject to discounting. The relevant payment amount for each APC may be found at www.cms.gov, Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/Annual-Policy-Files, Addendum B. These files are updated quarterly.
4. **Discounting** - Multiple surgical procedures furnished during the same operative session are discounted. The full amount is paid for the surgical procedure with the highest weight. Fifty percent is paid for any other surgical procedure(s) performed at the same time;

Issues

1. What is the applicable rule pertaining to reimbursement?
2. Is the requestor entitled to additional reimbursement?

Findings

1. The services in dispute are related to outpatient hospital services rendered on November 24, 2015. The requestor is seeking additional reimbursement for $4,036.30. The rule that sets out the fee guideline is 28 Texas Administrative Code §134.403 (f) which states in pertinent part,

   The reimbursement calculation used for establishing the MAR shall be the Medicare facility specific amount, including outlier payment amounts, determined by applying the most recently adopted and effective Medicare Outpatient Prospective Payment System (OPPS) reimbursement

formula and factors as published annually in the Federal Register. The following minimal modifications shall be applied.

(1) The sum of the Medicare facility specific reimbursement amount and any applicable outlier payment amount shall be multiplied by:

(A) 200 percent; unless

(B) a facility or surgical implant provider requests separate reimbursement in accordance with subsection (g) of this section, in which case the facility specific reimbursement amount and any applicable outlier payment amount shall be multiplied by 130 percent.

Review of the submitted medical claim finds separate reimbursement for implantables was not requested therefore, the services in dispute are reimbursed based on the following:

Submitted code	Status Indicator	APC	Payment Rate	Unadjusted labor amount = APC payment x 60%	Geographically adjusted labor amount = unadjusted labor amount x annual wage index 0.9512	Non labor portion = APC payment rate x 40%	Medicare facility specific reimbursement (geographically adjusted labor) amount + non labor portion)	Multiple Procedure Discount	Maximum Allowable Reimbursement
26145	T	0053	$1,228.33	$1,228.33 x 60% = $737.00	$737.00 x 0.9512 = $701.03	$1,228.33 x 40% = $491.33	$701.03 + $491.33 = $1,192.36 ÷ 50% = $596.18	Yes	$596.18 x 200% = $1,192.36
26525	T	0053	$1,228.33	$1,228.33 x 60% = $737.00	$737.00 x 0.9512 = $701.03	$1,228.33 x 40% = $491.33	$701.03 + $491.33 = $1,192.36 ÷ 50% = $596.18	Yes	$596.18 x 200% = $1,192.36
26593	T	0053	$1,228.33	$1,228.33 x 60% = $737.00	$737.00 x 0.9512 = $701.03	$1,228.33 x 40% = $491.33	$701.03 + $491.33 = $1,192.36 ÷ 50% = $596.18	Yes	$596.18 x 200% = $1,192.36
64890	T	0221	$2,947.54	$2,947.54 x 60% = $1,768.52	$1,768.52 x 0.9512 = $1,682.22	$2,947.54 x 40% = $1,179.02	$1,682.22 + $1,179.02 = $2,861.24	No	$2,861.24 200% = $5,722.48
							Total		$9,299.56

The remaining billed codes have the following status indicators:

- Procedure code J7120 has status indicator N denoting packaged items and services with no separate APC payment.
- Per the Medicare National Correct Coding Initiatives, found at www.cms.gov, procedure code 26442 may not be reported with procedure code 26525 billed on the same claim. Payment for this service is included in the payment for the primary procedure. As 28 Texas Administrative Code §134.403 (d) requires, "For coding, billing, reporting, and reimbursement of health care covered in this section, Texas workers' compensation system participants shall apply Medicare payment policies in effect on the date a service is provided with any additions or exceptions specified in this section…" no separate payment is recommended.
- Per the Medicare National Correct Coding Initiatives, found at www.cms.gov, procedure code 64776 may not be reported with procedure code 64890 billed on the same claim. Payment for this service is included in the payment for the primary procedure. As 28 Texas Administrative Code §134.403 (d) requires, "For coding, billing, reporting, and reimbursement of health care covered in this section, Texas

workers' compensation system participants shall apply Medicare payment policies in effect on the date a service is provided with any additions or exceptions specified in this section…" no separate payment is recommended.

- Per the Medicare National Correct Coding Initiatives, found at www.cms.gov, procedure code 64415 may not be reported with procedure code 26442 billed on the same claim. Payment for this service is included in the payment for the primary procedure. As 28 Texas Administrative Code §134.403 (d) requires, "For coding, billing, reporting, and reimbursement of health care covered in this section, Texas workers' compensation system participants shall apply Medicare payment policies in effect on the date a service is provided with any additions or exceptions specified in this section…" no separate payment is recommended.
- Procedure code J0690 has status indicator N denoting packaged items and services with no separate APC payment.
- Procedure code J1100 has status indicator N denoting packaged items and services with no separate APC payment.
- Procedure code J2001 has status indicator N denoting packaged items and services with no separate APC payment.
- Procedure code J2250 has status indicator N denoting packaged items and services with no separate APC payment.
- Procedure code J2405 has status indicator N denoting packaged items and services with no separate APC payment.
- Procedure code J2704 has status indicator N denoting packaged items and services with no separate APC payment.
- Procedure code J2795 has status indicator N denoting packaged items and services with no separate APC payment.
- Procedure code J3010 has status indicator N denoting packaged items and services with no separate APC payment.

2. The total allowable reimbursement for the services in dispute is $9,299.56. The carrier paid $9,299.55. No additional payment is recommended.

Conclusion

For the reasons stated above, the Division finds that the requestor has not established that additional reimbursement is due. As a result, the amount ordered is $0.00.

ORDER

Based upon the documentation submitted by the parties and in accordance with the provisions of Texas Labor Code §413.031, the Division has determined that the requestor is entitled to $0.00 additional reimbursement for the services in dispute.

Authorized Signature

Signature	Medical Fee Dispute Resolution Officer	November 17, 2016 Date

YOUR RIGHT TO APPEAL

Either party to this medical fee dispute has a right to seek review of this decision in accordance with 28 Texas Administrative Code §133.307, 37 *Texas Register* 3833, applicable to disputes filed on or after June 1, 2012.

A party seeking review must submit a **Request to Schedule a Benefit Review Conference to Appeal a Medical Fee Dispute Decision** (form **DWC045M**) in accordance with the instructions on the form. The request must be received by the Division within **twenty** days of your receipt of this decision. The request may be faxed, mailed or personally delivered to the Division using the contact information listed on the form or to the field office handling the claim.

The party seeking review of the MFDR decision shall deliver a copy of the request to all other parties involved in the dispute at the same time the request is filed with the Division. **Please include a copy of the *Medical Fee Dispute Resolution Findings and Decision*** together with any other required information specified in 28 Texas Administrative Code §141.1(d).

Si prefiere hablar con una persona en español acerca de ésta correspondencia, favor de llamar a 512-804-4812.